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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY GUATEMALA — 895 DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON. — April 10, 1953 DATE

REF : F790004-1279

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	REC'D APR 13	OTHER	ARMY NAVY AIR OSD CIA

Name of Officer

SUBJECT: Weeka No. 15 from State, Army and Air for SAA Section I.

SUMMARY

Backing away from the policy of closer relations with the other Central American Republics which had been a prime talking-point of the ARBENZ Administration, the Guatemalan Government on April 4 withdrew from the Organization of Central American States (ODECA), thus adopting a course long advocated by the Communists and more recently by the other leftist political parties. The reason given for this move was attempted interference in Guatemala's domestic affairs by the other members of the ODECA, who had announced support of El Salvador's proposal for considering Communist infiltration. Guatemala's concern about intervention was also shown in a note sent the United Nations stating that this country was faced with external threats to its sovereignty. At home, nervousness over revolutionary attempts led to large-scale arrests of persons connected with the short-lived March 29 revolt at Salamá or suspected of plotting against the Government.

The situation of the American-owned IRCA railway eased when the Tax Court lifted an attachment placed on the railroad's property to insure payment of $3,500,000 in taxes claimed by the Government, though the basic question of the railroad's liability remained unsettled.

INTERNATIONAL AFFAIRS

In a note dated Apr[illegible] and made public three days later, Dr. Raúl OSEGUEDA, Guate[illegible] Foreign Minister, dropped the pretense of cordiality [illegible]rds the other Central American countries hitherto maintained by the Arbenz Administration, accused them of concluding a politico-military pact aimed at Guatemala, and notified them that it was withdrawing from the Organization of Central American States (ODECA). Dr. Osegueda charged that the Salvadoran proposal to discuss measures for combatting international Communism at the ODECA meeting scheduled for May 2 was linked with the domestic political

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opposition and the efforts of "international circles" to intervene in Guatemala's internal affairs and destroy its democracy in order to protect the "monopolies" (meaning United States companies) operating in Central America. The note also stated that the Salamá insurgents (Weeka No. 14) had expected aid from abroad and said the nature of the uprising's foreign connections would be revealed when the preliminary judicial proceedings were finished.

The withdrawal from ODECA closes the brief chapter of the Arbenz Administration's efforts to extend its influence among its Central American neighbors. The ODECA, launched in October 1951, ran into trouble when El Salvador's intention to discuss Communism in it became known in August 1952. The local Communists promptly denounced this move and accused the Organization of "serving the ends of Yankee Imperialism". They were subsequently joined by the pro-Government parties in urging withdrawal (Weeka No. 13). The support of the other Central American countries for the Salvadoran proposal left Guatemala in an isolated position.

That Guatemalan Government leaders see enemies wherever they look was apparent from the Foreign Minister's note of April 1 to the Secretary General of the United Nations, which cited as evidence of an international plot against Guatemala such diverse items as United States press attacks, recent public statements by General TRUJILLO and Mr. Spruille Braden, the activities of former Ambassador Patterson, and an armed conspiracy among the other Central American States. The note stated that the unifying factor behind these moves was supplied by three American companies in Guatemala: the United Fruit Company, the IRCA Railway and the Empresa Eléctrica power company which were opposed to the progressive social program of the present Government. The Secretary General was asked to circulate the note to all UN members and to the Security council.

DOMESTIC AFFAIRS

Besides lashing out against enemies beyond its borders, the Guatemalan authorities took strong measures against their domestic adversaries. Over 90 persons were reported in jail in Salamá pending judicial investigation of their part in the uprising there on March 29, and the fatal shooting of four participants in the revolt on the night of March 31, reportedly while attempting to break out of prison, was widely interpreted as a warning to other plotters of the fate they might expect if they persisted in their efforts against the Government. Three of the rebels disguised as Indians made their way to refuge in the Mexican Embassy here and Carlos SIMONS, a Guatemala City anti-Communist leader, sought asylum in the Honduran Embassy.

In their search for the intellectual leaders of the revolt, the police arrested three retired Army colonels, all connected with pre-1944 regimes, and a leading anti-Communist, Juan CORDOVA Cerna, who reportedly escaped from his guards en route to Salamá. There were widespread rumors that Córdova had been shot, but Colonel Rogelio CRUZ Wer, Chief of Police, categorically denied them. The detention of four anti-Communist students, among them Mario SANDOVAL and Oscar COBAR, led to speculation that the authorities were not limiting arrests to persons directly connected with the Salamá affair but as a precautionary measure were rounding up opposition figures suspected of plotting.

Other evidences of nervousness were seen in the searching of all automobiles entering or leaving Guatemala City, the maintenance of the Army and police in a semi-alert status, and the doubling or tripling of guards normally stationed at foreign diplomatic missions in an effort to apprehend suspects who might seek asylum.

AMERICAN INTERESTS

Despite the charges levelled against the International Railways of Central America (IRCA) and other American companies in Foreign Minister Osegueda's note of April 1 to the United Nations, the Guatemalan Tax Court on April 7, 1953, apparently at the instance of the Executive, lifted the attachment of the railroad's property which had been ordered on March 28 to secure payment of Ø3,536,256.02 which the Court held was due the Government from the so-called "charity" tax (Weeka No. 14). The lifting of this attachment removed an immediate threat to the Company's solvency and independence, though the general claim against the Company in this connection remained pending. The removal of this attachment is not believed to be the result of any fundamental change in the Government's attitude towards the railway but is probably due to the circumstance that the attachment had been placed on the initiative of the Tax Court Judge without the approval of high Government officials who do not want a railway transportation crisis at this time.

Rudolf E. Schoenfeld

American Interests: ABWardlaw
Contributors: Col. A. E. McCormick; Maj. M. Chavez

cc: C. A. Missions and routine

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AMEMBASSY, GUATEMALA

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DESP. NO.

APR 10 1953

THE DEPARTMENT OF STATE, WASHINGTON.

April 10, 1953
DATE

F790004-1282

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SUBJECT: WEEKA NO. 15 - ECONOMIC SECTION

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SECTION II

Most economic activities came to a near standstill during Holy Week and there were no significant developments during the reporting period.

For the Ambassador:

Action Assigned to

Action Taken

William A. Krieg
Counselor of Embassy

Date of Action 4-15-53

Action Office Symbol IAD

Name of Officer

Direction DC/R

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